

Côte D'Ivoire (Ivory Coast)

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A. At a glance

Corporate Income Tax Rate (%)	25 (a)
Capital Gains Tax Rate (%)	25 (b)
Branch Tax Rate (%)	25 (a)
Withholding Tax (%)	
Dividends	2/10/12/15/18 (c)
Directors' Fees and Nondeductible Expenses	12
Interest	18 (d)
Royalties from Patents, Know-how, etc.	20
Payments for Services	20 (e)
Branch Remittance Tax	12 (f)
Net Operating Losses (Years)	
Carryback	0
Carryforward	5

- (a) For details concerning the minimum tax, see Section B.
 (b) See Section B.
 (c) For details concerning these rates, see Section B.
 (d) The withholding tax rate is 6.75%, 8.25%, 13.5% or 16.5% in certain cases if the income is received through a bank or if the income is deposited by a holding company. The withholding rate on "lots" (exceptionally high bond discounts given only for certain specified bonds selected at random) is 25%. The withholding tax is imposed on the amount of the discount.

- (e) This withholding tax applies to payments by resident companies for services rendered by nonresidents who do not maintain a professional office in Côte d'Ivoire. For premiums paid to nonresident reinsurance companies, the rate is 12.5%.
- (f) On one-half of the before-tax profit (18% if the profit is exempt from corporate tax). See Section B.

B. Taxes on corporate income and gains

Corporate income tax. Resident companies are taxed on the territoriality principle. As a result, companies carrying on a trade or business outside Côte d'Ivoire are not taxed in Côte d'Ivoire on the related profits. Resident companies are those registered in Côte d'Ivoire, regardless of the nationality of the shareholders or where they are managed and controlled. Foreign companies with activities in Côte d'Ivoire are subject to corporate tax on local-source profits if they have a permanent establishment in Côte d'Ivoire.

Tax rates. The regular corporate income tax rate is 25%.

The minimum tax is 0.5% of turnover. For oil-producing, electricity and water-producing companies, the rate is reduced to 0.1%. The rate is reduced to 0.15% for banks and financial companies and for insurance companies. The minimum tax may not be less than XOF3 million or more than XOF35 million. New corporations are exempt from the minimum tax for their first fiscal year, and mining companies are exempt from the minimum tax during the exploration phase.

Profits realized in Côte d'Ivoire by branches of foreign companies are deemed to be distributed and therefore are subject to a branch withholding tax on one-half of the before-tax profit at a rate of 12% (18% if the profit is exempt from corporate tax).

Corporations may apply for various categories of priority status and corresponding tax exemptions. Priority status varies depending on the nature of the project and the level of investments. Corporate tax reductions and temporary tax exemptions are granted to new industrial businesses for investments in industrial buildings and building sites, land for development, and industrial and agricultural establishments.

Capital gains. Capital gains are taxed at the regular corporate rate. The tax, however, can be deferred if the proceeds are used to acquire new fixed assets in Côte d'Ivoire within three years or in the event of a merger (or other acquisition).

If the business is totally or partially transferred or discontinued, only one-half of the net capital gain is taxed if the event occurs less than five years after the start-up or purchase of the business, and only one-third of the gain is taxed if the event occurs five years or more after the business is begun or purchased.

The total gain is taxed, however, if the business is not carried on in any form by any person.

Capital gains derived by holding companies are exempt or are taxed at a rate of 12% if certain conditions are satisfied.

Administration. The financial year is from 1 January to 31 December. Corporate financial statements and corporate results must be filed by 30 April of the year following the financial year.

Companies must pay corporate income tax in three equal installments, which are due on 20 April, 20 June and 20 September of the year following the financial year.

Late payments are subject to a penalty of 5% for the first month, plus 0.5% for each additional month or part of a month.

Late submissions of financial statements are subject to a penalty of XOF1 million plus XOF100,000 for each month or part of a month of the delay.

If the lateness of a submission exceeds three months, the penalty is XOF2 million plus XOF200,000 for each month or part of a month of the delay.

Dividends. Dividends paid by listed companies out of profits taxed at the 25% corporate tax rate are subject to a 10% withholding tax. A 12% withholding tax is imposed on dividends paid by other companies out of profits taxed at the 25% corporate tax rate. Dividends paid out of profits exempt from corporate tax and certain other dividends are subject to withholding tax at a rate of 18%. Special withholding tax rates of 2% and 15% apply to certain types of bonds issued in Côte d'Ivoire.

A parent company may exclude up to 95% of dividends received from a 10%-owned subsidiary (regime of holding companies and subsidiaries). If less than a 10% interest is held, a listed company may exclude 90% of the dividends received while an unlisted company may exclude 50%.

Foreign tax relief. In general, foreign tax credits are not allowed; income subject to foreign tax that is not exempt from tax in Côte d'Ivoire under the territoriality principle is taxable, net of the foreign tax. However, a tax treaty may provide for a tax credit.

C. Determination of trading income

General. Taxable income is based on financial statements prepared according to the Accounting System of the Organization for African Business Law Harmonization. Business expenses are generally deductible unless specifically excluded by law. The following expenses are not deductible:

- Gifts (except those granted to certain associations engaged in social, sporting, scientific or cultural development)
- Most liberalities (payments that do not produce a compensatory benefit, such as excessive remuneration paid to a director)
- Subsidies
- Corporate tax
- Penalties

Services fees and royalties paid by Ivorian companies to resident and nonresident parent companies are deductible if the following conditions are satisfied:

- The payer proves that the payments are related to real operations and that the amount of the payments is normal.
- The amount of the payments does not exceed 5% of the turnover and 20% of the overhead of the payer.

Payments to resident companies are also subject to the same two conditions mentioned above.

Under certain tax treaties of Côte d'Ivoire, amounts paid to non-resident companies are deductible for tax purposes based on the same conditions as those applicable to payments to resident companies. Even if such treaties apply, the payer must satisfy the two conditions mentioned above in order to deduct the payments.

The deduction of services fees and royalties paid by resident companies to other resident companies is subject to the second condition mentioned above (5% of the turnover and 20% of the overhead). As a result, the nondiscrimination clause provided for by certain tax treaties does not apply, and services fees and royalties paid by resident companies to nonresident companies are deductible under the conditions mentioned above.

Inventories. Inventory is normally valued at the lower of cost or market value. Cost must be determined on a weighted-average cost price method. A first-in, first-out (FIFO) basis is also generally acceptable.

Provisions. In determining accounting profit, companies must establish certain provisions, such as a provision for a risk of loss or for certain expenses. These provisions are normally deductible for tax purposes if they provide for clearly specified losses or expenses that are probably going to occur and if they appear in the financial statements and in a specific statement in the tax return.

Capital allowances. Land and intangible assets, such as goodwill, are not depreciable for tax purposes. Other fixed assets may be depreciated using the straight-line method at the following rates.

Asset	Rate (%)
Buildings	5
Light construction	10
Loud machinery	10
Stationary machinery	20
Fixtures	10
Office and home chattels	10
Office equipment	20 to 25
Motor vehicles	33.33
Other specified vehicles and engines	20 to 25
Computers and software	20 to 50

Relief for tax losses. Losses may be carried forward five years. Losses attributable to depreciation may be carried forward indefinitely. Losses may not be carried back.

Groups of companies. The law does not contain any provision for the fiscal integration of related companies equivalent to a consolidated filing position. However, a parent-subsidiary tax regime exempts dividends and capital gains from tax under certain conditions.

D. Other significant taxes

The following table summarizes other significant taxes.

Nature of tax	Rate (%)
Value-added tax (VAT), on goods and services sold in Côte d'Ivoire	18
Turnover tax (tax on banking operations), on interest paid to and services rendered by banks and financial companies	10
Special tax on equipment; based on turnover; applicable to all companies	0.1
Business activity tax (<i>patente</i>), based on the turnover and the rental value of tangible assets	Various
Withholding tax, on amounts invoiced by importers, producers and sellers to persons subject to commercial or agriculture tax (entitles the buyer to a credit against withholding tax or VAT payable on its sales)	Various
Registration duties, on transfers of real property or businesses	1 to 10
Special tax on subcontractors of petroleum companies; a global tax including income tax, payroll taxes, a tax on shares, a national solidarity tax and an insurance tax; on taxable turnover	5.656
Payroll tax, paid by employers on salaries of	
Employees from Côte d'Ivoire	2.8
Expatriates	12
Social security contributions	
Retirement, on monthly salaries up to XOF1,647,315; paid by	
Employer	7.7
Employee	6.3
Family allowances, on monthly salaries up to XOF70,000; paid by employer	5.75
Industrial injuries, on monthly salaries up to XOF70,000; paid by employer	2 to 5

E. Miscellaneous matters

Foreign-exchange controls. Exchange control regulations apply to financial transfers outside the franc zone, which is a monetary zone including France and its former overseas colonies.

Transfer pricing. Côte d'Ivoire does not have transfer-pricing regulations, but it has provisions addressing tax avoidance.

F. Treaty withholding tax rates

Côte d'Ivoire has signed a multilateral tax treaty with the other members of the West African Economic Community (Communauté Economique de l'Afrique de l'Ouest, or CEAO), which are Burkina Faso, Mali, Mauritania, Niger and Senegal.

The country also signed a multilateral tax treaty in the framework of the Common African and Mauritian Organization (Organisation Commune Africaine et Mauricienne, or OCAM). This treaty was also signed by Benin, Burkina Faso, Cameroon, Central African Republic, Chad, Congo, Congo (Democratic Republic of the), Gabon, Madagascar, Mauritius, Niger, Rwanda, Senegal and Togo.

The two international organizations mentioned above have been dissolved. However, the Ivorian tax administration considers the above multilateral tax treaties to be still applicable, provided that reciprocity exists.

Côte d'Ivoire has signed a new treaty with the countries of the West African Economic and Monetary Union (WAEMU). This tax treaty has applied for some tax items since 2009. It is wholly applicable, effective from 1 January 2010. The members of WAEMU are Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal and Togo.

	Dividends	Interest	Royalties
	%	%	%
Belgium	12	16	10
Benin	10	15	15
Burkina Faso	10	15	15
Cameroon	12	18	0
Canada	12	15	10
Central African Republic	12	18	0
Chad	12	18	0
Congo (Democratic Republic of the)	12	18	0
Congo (Republic of the)	12	18	0
France	12	15	10
Gabon	12	18	0
Germany	12	15	10
Italy	12	15	10
Madagascar	12	18	0
Mali	10	15	15
Mauritania	12	18	0
Niger	10	15	15
Norway	12	16	10
Rwanda	12	18	0
Senegal	10	15	15
Switzerland	12	15	10
Togo	10	15	15
United Kingdom	12	15	10
WAEMU countries	10	15	15
Non-treaty countries	2/10/12/15/18 (a)	18 (b)	20

(a) See Section B.

(b) See footnote (d) to Section A.